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SUBJECT: USAU: AFRICA ECONOMIC CONFERENCE REITERATES
SUPPORT FOR AFRICAN UNITY, SELF-RELIANCE

¶1. (U) SUMMARY: The UN Economic Commission for Africa (UNECA) and the African Development Bank (AfDB) hosted the Africa Economic Conference (AEC) in November at UNECA headquarters in Addis Ababa. Conference participants, including African leadership, expressed unanimous support for pan-African institutions, which they view as key to the maturation of Africa's political climate, as well as the growing ability of Africans to speak with a single voice. African unity, economic integration, and self-reliance as paths to prosperity emerged as major conference themes. END SUMMARY.

¶2. (U) The opening of the AEC underscored the need for Africa to position itself in its relationship with the developed world to achieve maximum benefit and avoid collateral damage.

In his remarks, UNECA Executive Secretary Abdoulie Janneh reflected on the year, noting the effect of the financial crisis, and stressing the need for African ownership of the continent's development, including by avoiding excessive dependence on Official Development Assistance. While recognizing that Africa has suffered secondary effects from the crisis, such as reduced export earnings, he highlighted the accompanying opportunity to focus on Africa's agenda for its own development. Referencing differences in the economic measures appropriate for developed and developing economies, he suggested the need for active public engagement to develop industrial capacity in African economies, enabling them to expand beyond extractive sectors and increase employment along with growth. Janneh also focused on the issue of climate change, and the need for developed countries, responsible for the crisis, to support Africa through "equitable and predictable financing mechanisms."

¶3. (U) AfDB President Donald Kaberuka reiterated many of the same messages, stressing the need for African regional solutions to economic development in the current climate which, he theorized, might lead donor countries to focus on domestic concerns. He stressed the role of the AfDB in mitigating the effects of the crisis on Africa, responding to the urging of the G20 to scale up operations, increasing lending, and innovating in new areas such as trade finance. He noted the importance of diversified economies for surviving such economic crises, and urged African countries to expand beyond commodity dependence. Kaberuka also called upon the world to look at Africa as a part of the solution to the economic crisis, with the potential to stimulate global consumer demand. India and Africa, he noted, share the same approximate population (1 billion) with nearly the same level of reserves (\$280 million). The difference, he said, is that India is a federation, while Africa is a "balkanized" group of 53 member states with growing, but limited, economic integration. He noted that while Africa calls for a strong voice in the international arena on issues such as climate change, this voice should be based on a strong internal agenda.

¶4. (U) African Union Commission Chairperson Jean Ping focused his remarks on the expanding role for Africa in the G20, including attendance of Prime Minister of Ethiopia Meles Zenawi, as well as Janneh, Kaberuka, and himself. While acknowledging that the world now realizes that Africa cannot be ignored, he noted that Africa needs to rely on its own resources and capacities. Reflecting on the levels of financing provided to bank bailouts in the U.S., he said that the real question is not the availability of resources to eradicate poverty, but the political will to do so. His comments also addressed the need for Africa to expand partnership with different countries and regional groupings, with a clear focus on Africa's expanding partnership with China.

¶5. (U) Prime Minister Meles delivered the conference's keynote address, focusing on the question of whether it is possible to foster development in an age of economic crisis. He concluded that such growth during the current phase is improbable, but not impossible, and that African policy-makers' role is to advance measures "to make the possible probable." His speech focused substantial attention on the origins of the crisis, especially the role of poor financial governance in the West, unsustainable consumption levels among U.S. consumers, and limited oil supplies. (NOTE: With regard to oil, he also noted the associated environmental problems, and the issue of climate change, which, he stressed, could lead to "environmental catastrophe, not growth." END NOTE.) He highlighted the food crisis in 2008, pressure on development aid, shrinking remittances, and reduced foreign direct investment, noting that the circumstances that allowed for progress in reducing poverty

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in recent years have changed.

¶6. (U) Meles further focused on possible opportunities that the current crisis presents. In the event of a robust global response to climate change, he said that Africa could have an important niche in the global market, fueling growth, given the continent's vast renewable energy resources. This would also require substantial resources for Africa to promote adaptation. In addition, he focused on the possibility of China -- and perhaps Japan, the Gulf states, and India -- investing surplus savings in Africa. Meles discussed the possibility of African states taking a range of steps to capitalize on the potential opportunities presented by the global economy, including by throwing off the "straight-jacket of neoliberalism."

¶7. (U) COMMENT: The AEC represented a strong showing of policy-makers and academics concerned with issues of economic growth in Africa, with near unanimous delivery of a message in support of African unity, self-reliance, and empowerment on economic issues. Policy-makers showed strong interest in developing the appropriate incentives to advance industrial development and sustainable, job-creating, economic growth in Africa. While substantial attention has been paid to relationships with the European Union and China surrounding trade and investment relations, there was limited discussion of USG engagement through avenues such as the Africa Growth and Opportunity Act (AGOA) forum. It may be worthwhile for the USG to explore greater leadership on technical and policy issues in the context of the next AEC. END COMMENT.
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